# 13D Activist Fund

*A Qualitatively Analyzed Portfolio of Activism*

April 15, 2021

Class I YTD Net Return: 11.71% Russell 2500 YTD: 10.93% AUM: $260 million

In the first quarter of 2021, the I shares (DDDIX) returned 11.71%, net of fees and expenses (versus 10.93% for the Russell 2500). This was a very satisfying quarter for the Fund both in our absolute and net performance and in the performance of market indicators that we have been on the wrong end of for the past several years, namely large cap versus small/mid cap and growth versus value. During the quarter, the S&P500 returned 6.17%, well below the 10.93% of the Russell 2500; and the Russell Midcap Growth Index returned -0.57% versus 13.05% for the Russell Midcap Value Index. This is a continuation of the last two quarters and the first time we have seen sustained outperformance like this in many years. Of course, we do not expect this significant outperformance to continue at this level and we have no idea how long it will continue, if at all. But we do not need strong tailwinds to outperform, we would be happy with the absence of the gale-like headwinds we have been experiencing until recently. A stable market where things revert to the mean is more than fine by us. As such, we continue to believe that owning value stocks with a built-in change agent, or catalyst, is a great place to be in this market environment and that 2021 will continue to be a very good year for activism.

The total return for the 13D Activist Fund, net of fees and expenses, for the period ending March 31, 2021 are:

| as of 3/31/21 | ITD* | 1 Month | 3 Month | YTD | 1 Year | 3 Year | 5 Year | ITD* Cumulative |
|---|---|---|---|---|---|---|---|---|
| **13D Activist Fund I** | **15.13%** | **2.85%** | **11.71%** | **11.71%** | **90.48%** | **13.80%** | **16.35%** | **268.55%** |
| Russell 2500 TR | 14.68% | 1.64% | 10.93% | 10.93% | 89.40% | 15.34% | 15.93% | 255.51% |
| Mid Cap Value TR | 13.12% | 5.16% | 13.05% | 13.05% | 73.76% | 10.70% | 11.60% | 213.04% |
| SP US Activist Interest Index TR | 12.71% | 7.37% | 34.56% | 34.56% | 195.97% | 18.31% | 14.87% | 206.69% |
| Lipper Percentile Rank | 3rd | N/A | N/A | N/A | 4th | 21st | 3rd | 3rd |
| Lipper Ranking | 5/ 197 | N/A | N/A | N/A | 15/ 354 | 64/ 311 | 8/ 256 | 5/ 197 |

| as of 3/31/21 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|---|---|---|---|
| **13D Activist Fund I** | **21.27%** | **36.58%** | **15.46%** | **-10.92%** | **19.57%** | **23.78%** | **-13.47%** | **27.15%** | **18.93%** | **11.71%** |
| Russell 2500 TR | 17.88% | 36.80% | 7.07% | -2.90% | 17.59% | 16.81% | -10.00% | 27.77% | 19.99% | 10.93% |
| Russell MidCap Value TR | 18.45% | 33.46% | 14.75% | -4.78% | 20.00% | 13.34% | -12.29% | 27.06% | 4.96% | 13.05% |
| SP US Activist Interest Index TR | 22.36% | 57.62% | -4.74% | -17.85% | 13.68% | 8.96% | -14.04% | 10.07% | 27.71% | 34.56% |

* Inception Date is December 28, 2011

***Please remember that past performance may not be indicative and is no guarantee of future results. The fund performance data quoted here represents past performance. Current performance may be lower or higher than the performance data quoted above. Investment return and principal value will fluctuate, so that shares, when redeemed, may be worth more or less than their original cost. Fund performance, especially for very short periods of time, should not be the sole factor in making your investment decisions. There is neither a front end load nor a deferred sales charge for the 13D Activist Fund I Class Shares. The A Class shares are subject to a maximum front end load of 5.75%. Shares held for less than 30 days of both classes are subject to a 2.00% redemption fee. The total operating expense ratio (including indirect expenses such as the costs of investing in underlying funds), as stated in the fee table in the Fund's prospectus, which can be obtained on the web at www.13DActivistFund.com or by calling 1-877-413-3228, is 1.51% for I Class, 1.76% for A Class and 2.51% for C Class. For most recent month end information, please visit www.13DActivistFund.com or call toll-free 1-877-413-3228.***

Last quarter we discussed how we expect 2021 to be a good year for strategic, M&A activism. While we are not an M&A focused fund, and the core value driver to activism is generally from operational and corporate governance agendas, the events of 2020 combined with a low interest environment has created a backlog of potential M&A for 2021. In last quarter's letter, we highlighted 11 current activist campaigns in our portfolio with primary or secondary strategic catalysts. Since then, one of these companies has already agreed to be sold. On January 27, 2021, Perspecta Inc. (PRSP) entered into an agreement to be acquired in an all-cash deal for $7.1 billion by Herndon-based national security contractor Peraton, an affiliate of private investment firm Veritas Capital. This is the second portfolio company that was acquired this year and we are excited about the other 10 strategic opportunities amongst our portfolio companies.

During the first quarter, we added two new positions and exited three positions. We exited Magellan (MGLN) and Perspecta when those companies signed an agreement to be acquired for a premium, and we exited Ericsson (ERIC) when the activist, Cevian Capital, decreased its 13D filing to below 5%. This is a good opportunity to discuss holding period and turnover: While our prospectus turnover is 119%, our securities turnover, after accounting for 31-day tax sales and trades made to accommodate subscriptions and redemptions, is closer to 75%, implying a year and a half average holding period per position. Perspecta and Ericsson are great examples of how that average holding period is derived. As a strategic, M&A catalyst Perspecta had a holding period of approximately six months as the acquisition happened relatively quickly. Ericsson, however, was a corporate governance catalyst where the activist sat on the board for years and continued to create value. In this case we held our position in Ericsson for over 3.5 years. Our portfolio will always be a mix of different types of activist catalysts with different expected holding periods. But since our inception it has generally averaged out to an approximate 15 – 18 month holding period.

During the quarter we added AppHarvest, Inc. (APPH) and eHealth Inc. (EHTH)[1]. AppHarvest is an ESG filing of Inclusive Capital. Inclusive Capital was formed in 2020 by ValueAct founder Jeff Ubben to leverage capitalism and governance in pursuit of a healthy planet and the health of its inhabitants. The firm seeks long-term shareholder value through active partnership with companies whose core businesses contribute solutions to this pursuit. Inclusive is a returns driven fund with a focus on environmental and social investing. Their primary focus is on environmental and social value creation, which leads to shareholder value creation. This is very different from "ESG" investing; Inclusive and its portfolio companies actually drive positive social and environmental change. For example, while there are hundreds of public companies in the US that have been deemed to be good "ESG" companies, AppHarvest is only the fourth US public Certified B Corporation. A B corporation is a company that has (1) achieved a high standard of social and environmental performance as measured by the B Impact Assessment, (2) verified their scores through transparency requirements, and (3) made a legal commitment to consider all stakeholders, not just shareholders. Any company can apply to be one. AppHarvest was initially an investment of ValueAct Spring Fund, which was converted into Inclusive Capital in 2020. Jeff Ubben first met AppHarvest founder Jonathan Webb in 2017 and has been involved with the Company since the 2018 Series A round, working with Jonathan to put the management team together and develop a strong balance sheet. The Company went public on February 1, 2021 through a $100 million SPAC transaction and a $375 million PIPE investment. Jeff Ubben is on the board where he can continue to help the Company execute. AppHarvest is a large scale, environmentally-controlled agriculture producer. It has a 60 acre indoor greenhouse in Moreland, Kentucky that grows tomatoes and other vine crops and a 15 acre plant in Berea, Kentucky for leafy greens. The Company plans on having 12 facilities by 2025. The goal here is to make Kentucky the Netherlands of North America. The Netherlands (at 16,000 square miles) is the second largest agricultural exporter in the world, using greenhouse technology to feed two-thirds of all of Europe. In comparison, the state of Kentucky is 40,000 square miles and the US is 3.8 million square miles. AppHarvest's motivation is first and foremost to benefit society, but if successful would have extraordinary financial returns as well. As of 2018, 69% of fresh vine crops in the US were imported, mostly from Mexico. These crops are pesticide-laden and grown using labor practices not up to US standards. Moreover, they sit at the border for days and are driven 2,000+ miles to their destination, using tons of diesel fuel and resulting in less fresh produce. AppHarvest produces crops with no pesticides with greater nutrient density, and from their central location can reach 70% of the US population in one day resulting in 80% less diesel fuel and much lower emissions. However, the larger environmental and economic benefit is in how the crops are grown - using 90% less water and yielding thirty times more per acre. Moreover, AppHarvest's resources are nature based – the greenhouse structure allows them to use 12 hours of sunlight per day and they collect the heavy Kentucky rainfall for their system resulting in a much less adverse effect

[1] As of 3/31/2020, the Fund's Top Ten Equity Holdings & Weightings are: BOX (5.40%); CHENIERE ENERGY INC (4.83%); OLIN CORP (4.55%); HOWMET AEROSPACE INC (4.53%); GCP APPLIED TECHNOLOGIES INC (4.00%); SLM CORP (3.94%); PAPA JOHN'S INTERNATIONAL INC (3.88%); EVOLENT HEALTH (3.72%); WELBILT (3.65%); HOWARD HUGHES (3.53%).

on the water supply while greatly decreasing their cost of production by not having to pay for water. Moreover, the greenhouse system eliminates any weather or seasonal constraints, allowing them to grow more efficiently 365 days per year. While the Company has no historic revenue, they just made their first delivery of beefsteak tomatoes on January 19, 2021, to customers that include Walmart, Kroger and Publix. It is rare for us to invest in a company at such an early stage of its lifecycle. But we really like the ESG and activist thesis here with premier activist Jeff Ubben on the board. We hope to own this one for many years, as it benefits society and our portfolio.

eHealth Inc. (EHTH) is a 13D position of Starboard Value. Starboard is a very successful activist investor and has extensive experience helping companies focus on operational efficiency and margin improvement. eHealth is a health insurance marketplace with a technology and service platform that provides consumer engagement, education and health insurance enrollment solutions. Their mission is to connect every person with the highest quality, most affordable health insurance and Medicare plans for their life circumstance. The Company operates in two segments: (i) Medicare and (ii) Individual, Family and Small Business. The Medicare segment represents the majority of the business and constituted ~89% of revenue in 2020. eHealth derives the majority of its revenues from commission payments paid by health insurance carriers related to insurance plans that have been purchased by members who used their services. eHealth has several significant tailwinds such as the baby boomers aging into Medicare, over indexing to Medicare Advantage – eHealth's largest business line, and penetration online growing in the mid-teens as COVID quarantining has lessened the use of physical agents and has resulted in more clients signing on digitally. However, the Company has not been capitalizing on these tailwinds. Scott Flanders, eHealth CEO, made a major blunder in 2019 by growing revenue at any cost, including high acquisition costs and short-term clients, leading to a very high churn, low margins and slow growth compared to peers who grew at 100% last year. He has asked the board for a second chance to get it right and he is getting one. Until a week ago, the board has consisted of seven directors, a majority of whom have been on the board for over 12 years and very few of whom have relevant industry experience. Then last week, a lesser experienced activist, Hudson Executive Capital, settled its proxy fight with the Company by naming John Hass, former CEO of Rosetta Stone, to the board. That does not make sense in any language! The Company needs a qualified, experienced board that can help Flanders, but also holds him accountable if he is unsuccessful. That is where Starboard's nominees are integral. With the recent addition of a ninth director pursuant to a misguided preferred stock issuance and a second new director named at the next annual meeting pursuant to the Hudson settlement, the Company will have three new directors on its ten-person board. Starboard nominated four directors, although only three seats will likely be up this year. Over-nominating directors is something that Starboard often does to give them flexibility in case seats are added or if, in this case, the Company decides to abide by good corporate governance practices and put all new directors up for election in 2021. More than likely there will be three seats and adding two or three experienced directors from Starboard should put the Company in a good position to hold management accountable during this crucial time. Certainly Stephen Schulman, former CEO of Magellan Health, and James Murray, a 28year veteran of Humana, have more than enough relevant experience. Once on the board, the opportunity is to help management execute more efficiently by lowering customer acquisition costs and focusing on good, long-term customers. This will lead to a much lower churn rate, a more sustained growth and better margins (currently eHealth is in the low teens versus peers in the low 30s).

Thank you very much for your support. We hope you are all continuing to stay safe and that your families remain healthy.

Ken Squire

Special Purpose Acquisition Companies (SPACs) raise assets to seek potential acquisition opportunities. Unless and until an acquisition is completed, a SPAC generally invests its assets in U.S. government securities, money market securities, and cash. Because SPACs have no operating history or ongoing business other than seeking acquisitions, the value of their securities is particularly dependent on the ability of the entity's management to identify and complete a profitable acquisition. There is no guarantee that the SPACs in which the Fund invests will complete an acquisition or that any acquisitions that are completed will be profitable. Public stockholders of SPACs may not be afforded a meaningful opportunity to vote on a proposed initial business combination because certain stockholders, including stockholders affiliated with the management of the SPAC, may have sufficient voting power, and a financial incentive, to approve such a transaction without support from public stockholders. As a result, a SPAC may complete a business combination even though a majority of its public stockholders do not support such a combination. Some SPACs may pursue acquisitions only within certain industries or regions, which may increase the volatility of their prices.

The Lipper Mid-Cap Core Funds Peer Group have been presented as investment strategies with similar investment styles. Lipper rankings are based on total return of a fund's stated share class, are historical and do not represent future results. Historical performance results for investment indices and/or categories have been provided for general comparison purposes only, and generally do not reflect the deduction of transaction and/or custodial charges, the deduction of an investment management fee, nor the impact of taxes, the incurrence of which would have the effect of decreasing historical performance results. It should not be assumed that your account holdings correspond directly to any comparative indices. Past performance may not be indicative of future results and does not reflect the impact of taxes on non-qualified accounts. The data herein is not guaranteed. You cannot invest directly in an index.

The **Russell 2500** Index is a broad index, featuring 2,500 stocks that cover the small- and mid-cap market capitalizations. The Russell 2500 is a market cap-weighted index that includes the smallest 2,500 companies covered in the Russell 3000 universe of United States-based listed equities. The Russell Midcap Index is a market capitalization weighted index comprised of 800 publicly traded U.S. companies with market caps of between $2 and $10 billion. The 800 companies in the Russell Midcap Index are the same 800 of the 1,000 companies that comprise Russell 1000 Index. The Russell 1000 Index is a compilation of the largest 1,000 publicly traded U.S. companies. The average Russell Midcap Index member has a market cap of $8 billion to $10 billion, with a median value of $4 billion to $5 billion. The index is reconstituted annually so that stocks that have outgrown the index can be removed and new entries can be added. The Russell 1000 Index is a compilation of the largest 1,000 publicly traded U.S. companies. The average Russell Midcap Index member has a market cap of $8 billion to $10 billion, with a median value of $4 billion to $5 billion. The index is reconstituted annually so that stocks that have outgrown the index can be removed and new entries can be added. The Russell Midcap® Value Index measures the performance of the midcap value segment of the US equity universe. It includes those Russell Midcap® Index companies with lower price-to-book ratios and lower forecasted growth values. The Russell Midcap® Value Index is constructed to provide a comprehensive and unbiased barometer of the mid-cap value market. The index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true midcap value market. The S&P U.S. Activist Interest Index is designed to measure the performance of companies within the S&P U.S. BMI that have been targeted by an activist investor, as defined by S&P Capital IQ, within the last 24 months.

*Mutual Fund investing involves risk including loss of principal. Overall stock market risks will affect the value of individual instruments in which the Fund invests. Factors such as economic growth, market conditions, interest rate levels, and political events affect the U.S. securities markets. When the value of the Fund's investments goes down, your investment in the Fund decreases in value and you could lose money. The Fund is a non-diversified investment company, which makes the value of the Fund's shares more susceptible to certain risks than shares of a diversified investment company. The Fund has a greater potential to realize losses upon the occurrence of adverse events affecting a particular issuer. The value of small or medium capitalization company stocks may be subject to more abrupt or erratic market movements than those of larger, more established companies or the market averages in general. An investor should also consider the Fund's investment objective, charges, expenses, and risk carefully before investing.*

***Before investing, please read the Fund's prospectus and shareholder reports to learn about its investment strategy and potential risks. This and other information about the Fund is contained in the Fund's prospectus, which can be obtained on the web at www.13DActivistFund.com or by calling 1-877-413-3228. Please read the prospectus carefully before investing. The 13D Activist Fund is distributed by Foreside Financial Services, LLC.***

*The views expressed in this update are as of the date of this letter. These views and any portfolio holdings discussed in this update are subject to change at any time based on market or other conditions. The Fund disclaims any duty to update these views, which may not be relied upon as investment advice. In addition, references to specific companies' securities should not be regarded as investment recommendations or indicative of the Fund's portfolio as a whole.*